

~~SECRET~~

CENTRAL INTELLIGENCE AGENCY

5 April 1957

MEMORANDUM FOR: Mr. Allan Evans, State (OIR)  
Lt. Col. E. T. Seaburn, USA (ACSI)  
Captain W. S. Howell, USN (ONI)  
Colonel W. B. Sawyer, USAF (AFOIN 2B2)  
Colonel C. H. Dayhuff, Jr., USA (JIG)

SUBJECT: NIE 81-57: The Outlook for Mexico

1. The attached terms of reference were agreed on at the meeting of the IAC representatives on 5 April.
2. All agencies are invited to contribute to any section within their competence to do so. However, State is primarily responsible for Sections I and II; Defense for Section III; and all contributors for Section IV.
3. It is requested that contributions be received in this office by the close of business on Wednesday, 12 June.

*William P. Bundy*

WILLIAM P. BUNDY  
Deputy Assistant Director  
National Estimates

Distribution "B"

~~SECRET~~

SECRET

CENTRAL INTELLIGENCE AGENCY

5 April 1957

SUBJECT: TERMS OF REFERENCE: NIE 81-57: THE OUTLOOK FOR MEXICO

THE PROBLEM

To estimate the situation and probable developments in Mexico over the next few years. (This is to be an open-ended estimate. In your contributions, project into the future as far as is feasible.)

QUESTIONS BEARING ON THE PROBLEM

I. POLITICAL SITUATION AND TRENDS

- A. What are the principles and objectives of the "Mexican Revolution"? Briefly review the social, economic, and political changes which it has wrought. How and why has the role of the armed forces in Mexican political life changed over the last 20 years? What is the significance of their decreased political role with regard to the evolution of democratic institutions? To what extent has implementation of the "Revolution" shown a trend toward moderation in recent years, and why?

SECRET

SECRET

- B. What are the policies of the current administration? What are its attitudes toward bureaucratic, social, and economic reform, education, labor, religious groups, the military, nationalism, and Communism?
- C. Discuss developing trends in the leadership, orientation, and political position of the Revolutionary Institutional Party (PRI). Which pressure groups now appear to dominate the PRI? What is its relationship to the President? Despite the trend toward moderation, to what extent is the party susceptible to leftist influence? How and to what extent does it dominate the political process, and is it likely to continue to do so for the foreseeable future? Is pre-election maneuvering likely to cause significant dissention within the PRI?
- D. What are the orientation and degree of political influence of the most important pressure groups, including labor organizations, campesino elements, business groups, intellectuals, and the Church? What evidence is there that the Church is attempting a political comeback in Mexico? Is it likely to succeed?
- E. What is the attitude of the military toward the administration and its policies? What is the extent of its influence? Is there any evidence of dissatisfaction within the ranks with its apolitical role?

SECRET

- F. What non-Communist political and social elements oppose the administration? What are their strength, orientation, objectives, and capabilities, particularly with regard to the 1958 elections.
- G. What are the strength, organization, objectives, and capabilities of the Communist Party (PCM), the Mexican Workers and Agricultural Laborers Party (POCM), and the Popular Party (PP)? What are their relations with each other, with leftist exile groups, with the C.T.A.L., and with the USSR? What is the extent of their influence in labor, government, student and intellectual circles, and in the armed forces? To what extent have they exploited nationalist sentiment and student disturbances in Mexico? What are their attitudes toward, and are they likely to participate in the 1958 elections? Could they constitute a threat to the next administration?
- H. What is the probable outcome of the 1958 elections? Who are likely presidential candidates?
- I. In general, is it likely that the present trend toward moderation in the implementation of the "Revolution" will continue? Are the policies of the next administration likely to differ in any way from those of the Ruiz Cortines government? Is increased labor-leftist influence in the next administration likely?

SECRET

II. ECONOMIC TRENDS

- A. In brief, trace and account for the growth of Mexico's GNP (total and per capita) over the last 10 years. What was the contribution of the agricultural and industrial sectors of the economy? What is the estimated rate of increase in GNP for 1957?
- To what extent can they be corrected?
- B. What are Mexico's chief economic problems?/ To what extent are they attributable to economic nationalism? What are the government's policies toward agrarian reform, inflation, agricultural and industrial development? Has emphasis on industrial expansion adversely affected agricultural production?
- C. What is the extent of foreign investment in Mexico? What is the government's present and probable future attitude toward foreign investment, particularly in petroleum development. What is its policy with respect to the role of government in the nation's economic and development programs? Is the government likely to increase its role in the nation's economy, and if so, with what effect?
- D. What is Mexico's current financial position? What portions of the budget are allocated for basic services, for education, and for

SECRET

the military? What are its foreign exchange and balance of  
How have its unfavorable trade balances been financed?  
payments positions? / Is its unfavorable trade balance likely to narrow?

E. What is the nature and extent of US or other foreign economic aid?

F. What is the economic outlook? Is the current boom likely to  
What are the reasons for the current inflation?  
slow down in 1957? / Is inflation likely to represent a threat  
to economic prosperity?

G. What is the attitude of the Government toward, and what is the  
outlook for, atomic power development?

III. MILITARY CAPABILITIES

A. What are the strength, equipment, and capabilities of the armed  
forces? Of the security forces? Is Mexico likely to improve  
its military capabilities significantly?

B. What is the status of Mexico with respect to Hemisphere defense?  
US military assistance? For what reasons? What are the prospects  
for Mexican-US military cooperation?

SECRET

IV. INTERNATIONAL RELATIONS

- A. What are the basic foreign policy objectives of the administration? To what extent are they influenced by the forces of nationalism and neutralism?
- B. US. What is the administration's attitude toward the US? What are the major problems in US-Mexican relations, including traditional irritants such as migrant labor and territorial waters, and economic issues? To what extent do they reflect anti-US sentiment? How are relations with the US likely to develop? What are the current and prospective attitudes of Mexico toward the Caracas resolution?
- C. What are Mexico's attitudes toward the OAS and UN? To what extent will Mexico continue to cooperate with the US in these organizations?
- D. Soviet Bloc
1. What are the size, nature, and activities of Bloc missions in Mexico? To what extent do they serve as a base for Communist operations in Central and South America?

- 6 -

SECRET

SECRET

2. What are Mexico's probable future relations with the Sino-Soviet Bloc? Are diplomatic and economic ties likely to increase? Under what conditions might Mexico accept Bloc offers of financial and/or technical assistance?

E. What are Mexico's probable future relations with Western Europe and Latin America? In particular, what changes, if any, are likely to occur under a new administration? <sup>Is</sup> /Mexico's strict adherence to the right of asylum likely to continue to cause friction with its Central American neighbors? What effect will American and Caribbean neighbors? Mexico's right of asylum policies have on Mexico's Central /

V. POST MORTEM

Please attach a resume of the principal intelligence deficiencies noted during the preparation of your contributions.

- 7 -

SECRET